

AMENDED IN ASSEMBLY MARCH 27, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1221**

**Introduced by Assembly Member Rod Pacheco**

February 23, 2001

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An act to amend Section 17073 of, and to add and repeal Section 17205 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1221, as amended, Rod Pacheco. Income taxes: deduction.

The Personal Income Tax Law allows various deductions in computing income that is subject to taxes, including a deduction, in modified conformity to federal income tax laws, for charitable contributions.

This bill would, *for taxable years beginning before January 1, 2006*, allow *qualified* taxpayers, *as defined*, who do not itemize their deductions a direct charitable deduction in an amount equal to ~~50% of the excess~~  $\frac{1}{2}$  of the amount otherwise allowable under specified federal provisions ~~over~~, less \$100, as provided. The deduction would be allowed in computing taxable income.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 17073 of the Revenue and Taxation Code is amended to read:

17073. (a) Section 63 of the Internal Revenue Code, relating to taxable income defined, shall apply, except as otherwise provided.

(b) For individuals who do not itemize deductions, the standard deduction computed in accordance with Section 17073.5 shall be allowed as a deduction in computing taxable income.

(c) The deduction allowed by Section 17205, relating to direct charitable deductions, shall be allowed in computing taxable income.

SEC. 2. Section 17205 is added to the Revenue and Taxation Code, to read:

17205. (a) For each taxable year beginning on or after January 1, 2001, and before January 1, 2006, in the case of an individual who does not itemize his or her deductions for the taxable year, there shall be allowed a direct charitable deduction in an amount equal to 50 percent of the excess of the amount allowable under Section 170(a) of the Internal Revenue Code for the taxable year over one hundred dollars (\$100).

~~(b) January 1, 2001, and before January 1, 2006, there shall be allowed to a qualified taxpayer as a deduction under this part, one-half of the qualified amount.~~

(b) For purposes of this section:

(1) "Qualified taxpayer" means any individual who does not itemize his or her deductions for the taxable year on any return filed under this part or Part 10.2 (commencing with Section 18401).

(2) "Qualified amount" shall equal the amount otherwise allowable as a charitable contribution deduction under Section 170 of the Internal Revenue Code, less one hundred dollars (\$100).

(3) The portion of the qualified amount not allowed under subdivision (a) may not be allowed as a deduction under any other section of this part.

(c) The Franchise Tax Board shall revise all applicable forms, including Form 540A and Form 540EZ, to allow for the deductions allowed by this section.

- 1     (d) This section shall remain in effect only until ~~January~~
- 2     *December* 1, 2006, and as of that date is repealed.
- 3     SEC. 3. This act provides for a tax levy within the meaning of
- 4     Article IV of the Constitution and shall go into immediate effect.

